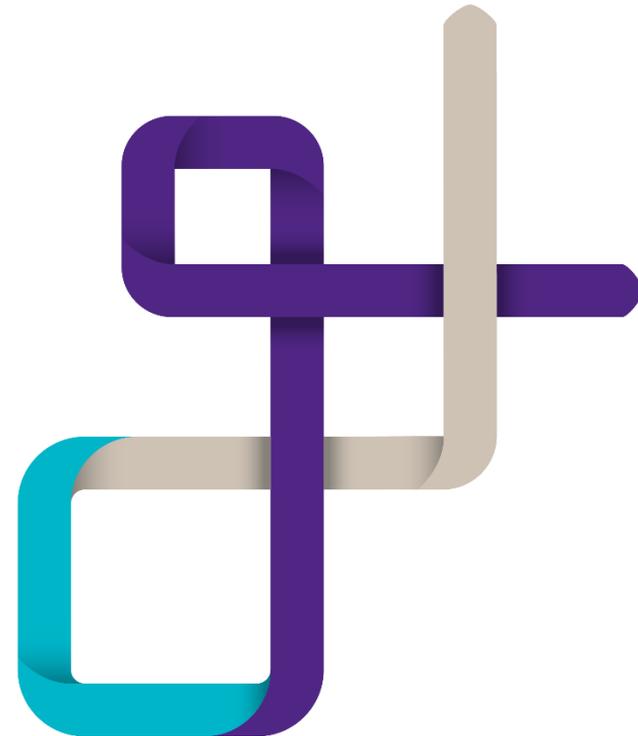


Audit Findings

Year ending 31 March 2018

St Helens Metropolitan Borough Council

23 July 2018



Contents



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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Headlines

This table summarises the key issues arising from the statutory audit of St Helens Metropolitan Borough Council ('the Council') and the preparation of the Council's financial statements for the year ended 31 March 2018 for those charged with governance.

Financial Statements	<p>Under the International Standards of Auditing (UK) (ISAs), we are required to report whether, in our opinion:</p> <ul style="list-style-type: none">the Council's financial statements give a true and fair view of the Council's financial position and of the group and Council's expenditure and income for the year, andhave been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014. <p>We are also required to report whether other information published together with the audited financial statements (including the Statement of Accounts, Annual Governance Statement (AGS) and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p>	<p>Our audit work was completed on site during June and July. Our findings are summarised on the following pages.</p> <p>We have not identified any adjustments affecting the Council's reported financial position for the year ended 31 March 2018 with the draft financial statements setting out recorded net expenditure on cost of services of £140.231m.</p> <p>Subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Audit & Governance Committee meeting on 30 July 2018, as detailed in Appendix C. These outstanding items include:</p> <ul style="list-style-type: none">completion of sample testing in a number of areasobtaining and reviewing the management representation letterreview of the final set of financial statements; andupdating our post balance sheet events review, to the date of signing the opinion. <p>We have concluded that the other information published with the financial statements, which includes the Statement of Accounts, Annual Governance Statement and Narrative Report, are consistent with our knowledge of your organisation and with the financial statements we have audited.</p>
Value for Money arrangements	<p>Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:</p> <ul style="list-style-type: none">the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VFM) conclusion')	<p>We have completed our risk based review of the Council's value for money arrangements. We have concluded that St Helens Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources.</p> <p>We therefore anticipate issuing an unqualified value for money conclusion, as detailed in Appendix C. Our findings are summarised in this report.</p>
Statutory duties	<p>The Local Audit and Accountability Act 2014 ('the Act') also requires us to:</p> <ul style="list-style-type: none">report to you if we have applied any of the additional powers and duties ascribed to us under the Act; andcertify the closure of the audit	<p>We have not exercised any of our additional statutory powers or duties.</p> <p>We have completed the majority of work under the Code. We expect to be able to certify the completion of the audit when we give our audit opinion.</p>

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

Summary

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Council's business and is risk based, and in particular included:

- An evaluation of the Council's internal controls environment including its IT systems and controls; and
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

Conclusion

We have substantially completed our audit of your financial statements and subject to completion of the work set out on page 3 and outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Audit & Governance Committee meeting on 30 July 2018, as detailed in Appendix C.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality calculations for the Council remain the same as reported in our audit plan as set out below.

	Council Amount (£)	Qualitative factors considered
Materiality for the financial statements	£8.232 million	Considered to be the level above which users of the accounts would wish to be aware of misstatements, in the context of overall expenditure. Based on 2% of 2016/17 gross expenditure on cost of services.
Performance materiality	£6.174 million	Assessed as 75% of Financial Statement materiality
Trivial matters	0.412 million	ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.
Materiality for specific transactions, balances or disclosures	£13,760	Disclosures of officers' remuneration including senior management remuneration disclosures, based on 2% of total senior officer remuneration (including pension contributions). This item merits a lower materiality level due to being of particular interest to the public.

Significant audit risks

Risks identified in our Audit Plan

1

Improper revenue recognition

Under ISA 240 (UK) there is a presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.

Commentary

Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:

- there is little incentive to manipulate revenue recognition
- opportunities to manipulate revenue recognition are very limited because there is a high degree of predictability in the main revenue streams
- The culture and ethical frameworks of local authorities, including St Helens Council, mean that all forms of fraud are seen as unacceptable

Therefore we do not consider this to be a significant risk for St Helens Council.

2

Management override of controls

Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Council faces external scrutiny of its spending, and this could potentially place management under undue pressure in terms of how they report performance. We identified management override of controls as a risk requiring special audit consideration.

We have:

- gained an understanding of the accounting estimates, judgements applied and decisions made by management and considered their reasonableness
- obtained a full listing of journal entries, identified and tested unusual journal entries for appropriateness
- evaluated the rationale for any changes in accounting policies or significant unusual transactions

Our audit work has not identified any evidence of management over-ride of controls. In particular, the findings of our review of journal controls and testing of journal entries has not identified any significant issues.

Significant audit risks

Risks identified in our Audit Plan

Commentary

3

Valuation of property, plant and equipment

The Council revalues its land and buildings on an rolling basis over a five year period to ensure that carrying value is not materially different from fair value. This represents a significant estimate by management in the financial statements.

We identified the valuation of land and buildings revaluations and impairments as a risk requiring special audit consideration.

We have:

- Reviewed management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work
- Assessed the competence, expertise and objectivity of any management experts used
- Discussed with the valuer the basis on which the valuation is carried out and challenged the key assumptions
- Reviewed and challenged the information used by the valuer to ensure it is robust and consistent with our understanding
- Tested revaluations made during the year to ensure they are input correctly into the Council's asset register
- Evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value.

At the time of writing we are still completing our testing in this area.

As part of our work we reviewed the following issues that were reported in our Audit Findings Report for 2016/17:

- An asset with a Net Book Value (NBV) of £60k may have been sold – we have confirmed that this was sold and so has been removed from the Balance Sheet at 31/3/18.
- Possible double counting of a swimming pool car park with a NBV £90k – we have confirmed that this has been resolved through the processing of the revaluation exercise for 2017/18.
- The Council's ownership (rights & obligations) of Sutton Children's Centre, with an NBV of £798k, could not be confirmed – action is currently being taken to resolve this issue. The asset is currently on the Balance Sheet with a NBV of £1.3m.

In October 2017 the Council purchased the freehold interest in Church Square for £28.3m. In accordance with requirements officers have arranged for the asset to be revalued, by specialist external valuers, for inclusion in the financial statements. The property has been treated as a regeneration asset and valued at £27.2m.

4

Valuation of pension fund net liability

The Council's pension fund asset and liability as reflected in its balance sheet represent a significant estimate in the financial statements.

We identified the valuation of the pension fund net liability as a risk requiring special audit consideration.

We have:

- Identified the controls put in place by management to ensure that the pension fund liability is not materially misstated. We have also assessed whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement
- Evaluated the competence, expertise and objectivity of the actuary who carried out your pension fund valuation. We have gained an understanding of the basis on which the valuation is carried out
- Undertaken procedures to confirm the reasonableness of the actuarial assumptions made
- Checked the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial report from your actuary.

At the time of writing we are still completing our testing in this area.

Reasonably possible audit risks

Risks identified in our Audit Plan	Commentary
<p>7 Employee remuneration Payroll expenditure represents a significant percentage (31%) of the Council's operating expenses.</p> <p>The Council's Northgate system interfaces with the Council's main accounting system. Given the large number of transactions associated with the Council's payroll there is a risk that payroll expenditure could be understated. We therefore identified completeness of payroll expenses as a risk requiring particular audit attention.</p>	<p>We have:</p> <ul style="list-style-type: none"> evaluated the Council's accounting policy for recognition of payroll expenditure for appropriateness; gained an understanding of the Council's system for accounting for payroll expenditure and evaluated the design of the associated controls; re-performed all year-end reconciliations and investigated significant adjustments agreed year end accruals to supporting documentation performed substantive analytical procedures disaggregated for each month. <p>Our audit work has not identified any significant issues in relation to the risk identified.</p>
<p>8 Operating expenses The Council purchases goods and services from a range of suppliers. At the year-end management uses judgement to estimate the value of goods or services consumed which have not yet been paid for so that where an invoice has not been received appropriate accruals can be reflected in the Balance Sheet. This forms part of the closedown process for both capital and revenue transactions and the use of estimates is required to enable the Council to close its ledgers promptly.</p> <p>Given the use of estimation techniques, we identified completeness of non- pay expenditure as a risk requiring particular audit attention.</p>	<p>We have:</p> <ul style="list-style-type: none"> evaluated the Council's accounting policy for recognition of non-pay expenditure for appropriateness; gained an understanding of the Council's system for accounting for non-pay expenditure and evaluated the design of the associated controls; tested the year-end reconciliation of the accounts payable system to the general ledger assessed the accruals process established by management and considered whether it is sufficiently comprehensive to ensure year-end accruals are not materially misstated tested a sample of year end accruals and creditor balances in the year-end balance sheet to confirm these accurately reflect year-end liabilities tested a sample of payments made in April 2018 to confirm the associated invoices have been accounted for in the correct financial year. <p>Our audit work has not identified any significant issues in relation to the risk identified.</p>

Accounting policies

Accounting area	Summary of policy	Comments	Assessment
Revenue recognition	<ul style="list-style-type: none"> Revenue from the provision of services is recognised when the council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the council. Council Tax and Non Domestic Rate income is recognised in the Collection Fund on an accruals basis, when it is due from the Council Tax or Non Domestic Rate payer. The Council's share of this income is recognised in the CIES. Government grants are recognised when there is reasonable assurance that the Council will comply with any conditions attached to the payments, and the grants or contributions will be received. 	<ul style="list-style-type: none"> Revenue recognition policies are in line with the requirements of the Code of Practice on Local Authority Accounting and accounting standards The main elements of the Council's revenue is predictable and there is minimal judgement required from the Council We are currently completing substantive testing of grants and other revenues. Based on our work to date we are satisfied that the Council has recognised income in accordance with its accounting policies The accounting policies are appropriately disclosed. 	 Green
Going Concern	<p>As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management’s use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity’s ability to continue as a going concern” (ISA (UK&I) 570).</p> <p>The Chief Finance Officer has a reasonable expectation that the services provided by the Council will continue for the foreseeable future. For this reason, the Council continue to adopt the going concern basis in preparing the financial statements.</p>	<p>We have reviewed the Council's assessment and are satisfied with management's assessment that it is appropriate to prepare the accounts on the going concern basis for the 2017/18 financial statements.</p>	 Green
Other critical policies		<p>We have reviewed the Council's policies against the requirements of the CIPFA Code of Practice. The Council's accounting policies are appropriate and consistent with previous years.</p>	 Green

Assessment

-  Marginal accounting policy which could potentially be open to challenge by regulators
-  Accounting policy appropriate but scope for improved disclosure
-  Accounting policy appropriate and disclosures sufficient

Accounting policies

Accounting area	Summary of policy	Comments	Assessment
Judgements and estimates	Key estimates and judgements include: <ul style="list-style-type: none"> • Useful lives of property, plant and equipment • Pension fund valuations and settlements • Revaluations and impairments • Provisions and accruals, and • Fair value of financial instruments 	<ul style="list-style-type: none"> • The Council's accounting policies for key estimates and judgements are appropriate and consistent with the relevant accounting framework –the CIPFA Code of Practice on Local Authority Accounting (the CIPFA Code). • Critical judgements, estimation uncertainty and accounting policies are appropriately disclosed in notes 2 to 4 to the financial statements. • At the time of writing we are still completing our testing of financial instruments. Our audit testing to date of key estimates and judgements has considered the extent of judgement involved, the potential impact of different assumptions and the range of possible outcomes. We are satisfied that the key estimates and judgements are appropriate and adequately disclosed. 	 Green

Assessment

- Marginal accounting policy which could potentially be open to challenge by regulators
- Accounting policy appropriate but scope for improved disclosure
- Accounting policy appropriate and disclosures sufficient

Other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
1	Matters in relation to fraud <ul style="list-style-type: none"> We have previously discussed the risk of fraud with management, Internal Audit and the Audit and Governance Committee. We have not been made aware of any significant issues in the period and no issues have been identified during the course of our audit procedures.
2	Matters in relation to related parties <ul style="list-style-type: none"> We are not aware of any related parties or related party transactions which have not been disclosed.
3	Matters in relation to laws and regulations <ul style="list-style-type: none"> You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
4	Written representations <ul style="list-style-type: none"> A standard letter of representation has been requested from the Council.
5	Confirmation requests from third parties <ul style="list-style-type: none"> We obtained direct confirmations from banks for confirmation of year end balances alongside other third party confirmations relating to the Council's investment balances and borrowings. Most of these requests were returned with positive confirmation. However we did not receive confirmations from Lloyds for 4 investments totalling £20m, each for £5m. We have been able to obtain sufficient assurance ourselves for one which has matured recently and another is due to mature on 23rd July 2018. However, for the other 2 investments we will continue to seek the confirmations from Lloyds.
6	Disclosures <ul style="list-style-type: none"> Our review found no material omissions in the financial statements.
7	Audit evidence and explanations <ul style="list-style-type: none"> All information and explanations requested from management was provided.
8	Significant difficulties <ul style="list-style-type: none"> We have not experienced any significant difficulties in the conduct of the audit of the 2017/18 draft financial statements.

Other responsibilities under the Code

We set out below details of other matters which we, as auditors, are required by the Code to communicate to those charged with governance.

Issue	Commentary
① Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Statement of Accounts, Annual Governance Statement (AGS) and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No inconsistencies have been identified. We plan to issue an unqualified opinion in this respect – refer to appendix C</p>
② Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a numbers of areas:</p> <ul style="list-style-type: none"> • If the Annual Governance Statement does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the other information of which we are aware from our audit • If we have applied any of our statutory powers or duties <p>We have nothing to report on these matters.</p>
③ Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>Note that work is not required as the Council does not exceed the specified group reporting threshold of £500m.</p>
④ Certification of the closure of the audit	<p>We intend to certify the closure of the 2017/18 audit of St Helens Council in the audit opinion, as detailed in Appendix C.</p>

Value for Money

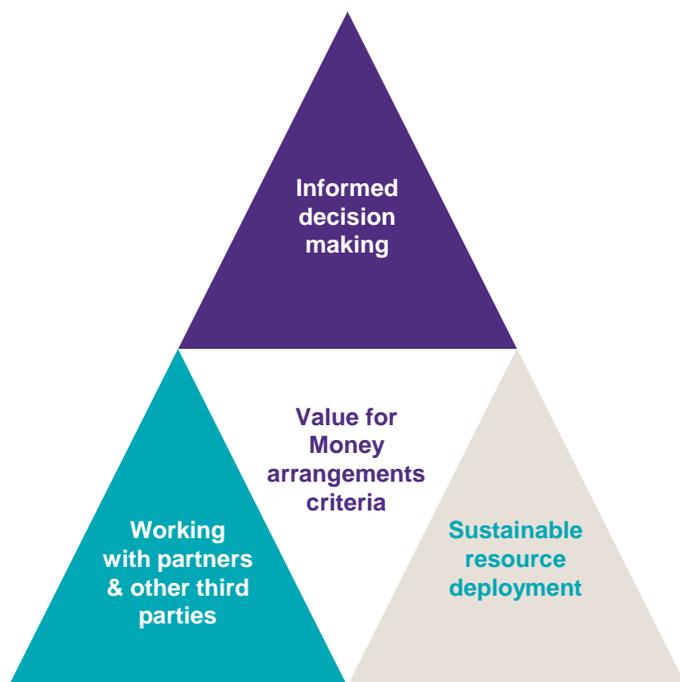
Background to our VFM approach

The NAO issued its guidance for auditors on Value for Money work for 2017/18 in November 2017. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Council has proper arrangements in place.

The guidance identifies one single criterion for auditors to evaluate:

“In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.”

This is supported by three sub-criteria, as set out below:



Risk assessment

We carried out an initial risk assessment in February 2018 and identified one significant risk in respect of specific areas of proper arrangements using the guidance contained in AGN03. We communicated these risks to you in our Audit Plan dated 28 February 2018.

We have continued our review of relevant documents up to the date of giving our report, and have not identified any further significant risks where we need to perform further work.

We carried out further work only in respect of the significant risks we identified from our initial and ongoing risk assessment.

Value for Money

Our work

AGN 03 requires us to disclose our views on significant qualitative aspects of the Council's arrangements for delivering economy, efficiency and effectiveness.

We have focused our work on the significant risk that we identified in the Council's arrangements.

We have set out more detail on the risks we identified, the results of the work we performed and the conclusions we drew from this work on the pages overleaf.

Overall conclusion

Based on the work we performed to address the significant risk, we concluded that:

- the Council had proper arrangements in all significant respects to ensure it delivered value for money in its use of resources.

The text of our report, which confirms this can be found at Appendix C.

Significant difficulties in undertaking our work

We did not identify any significant difficulties in undertaking our work on your arrangements which we wish to draw to your attention.

Significant matters discussed with management

There were no matters where no other evidence was available or matters of such significance to our conclusion or that we required written representation from management or those charged with governance.

Key findings

We set out below our key findings against the significant risk we identified through our initial risk assessment.

	Significant risk	Findings	Conclusion
<p data-bbox="66 314 113 349">1</p> <p data-bbox="145 307 341 364">Financial budget pressures</p> <p data-bbox="145 378 445 892">The Council's future budgets remain challenging with further savings of £13.1m required to be delivered in 2018/19 and 2019/20 whilst managing financial pressures in order to deliver a balanced revenue budget position over that period. As part of its 2020 Vision for St Helens the Council is looking to regenerate the Town Centre and continue to deliver on its ambitious plans to regenerate the Borough including Parkside Colliery.</p> <p data-bbox="145 906 445 1328">We have monitored the Council's budgetary performance and financial planning. We have also considered the processes established by the Council to identify, manage and monitor the savings proposals to address the budget gap to 2020. We updated our understanding of the arrangements for overseeing the Council's support for the regeneration of St Helens.</p>	<p data-bbox="476 307 1719 449">The current and forecast financial position is reported regularly to Council, Cabinet and the Audit and Financial Monitoring Overview and Scrutiny Panel. The reports set out the current revenue budget issues and actions being taken to address them to deliver a balanced position, and the position on the capital budget. There is also appropriate review and challenge by Cabinet of proposed actions by portfolios to ensure they operate within the agreed cash limits.</p> <p data-bbox="476 456 1719 735">The Council set a three year budget in March 2017 covering the period 2017-2020. There are sufficient budget setting arrangements in place including appropriate assumptions such as pay and price inflation and the identification of risks. The budget is also subject to appropriate scrutiny and challenge by the Budget Scrutiny Task Group and the committee and Council review and approval process. The 3 year budget plan requires the delivery of £20.6m savings over the period. In February 2018 Council reaffirmed the budget strategy, agreed the cash limits for 2018-19 and 2019-20 and reconfirmed the savings requirements over the 2017-2020 period of £20.6m, of which £13.1m is required for the period 2018-2020. The Council continues to undertake reviews to find savings and efficiencies within directorates with savings targets set for People's Services Department of £10.5m, Place Services Department £7.9m and Corporate Services Department of £2.2m. Currently the Council reports measures have been implemented or identified to meet all of these targets.</p> <p data-bbox="476 742 1719 906">Delivering the level of savings measures required and managing demand in 2018/19 will again be challenging. The budget update report to Cabinet in July 2018 highlights risks of additional cost pressures of £5.3m in 2018/19 and £10.6m in 2019/20, including demand pressures and price inflation. The report also highlights future uncertainties such as local government funding when the Government's long term funding settlement ceases in 2019/20. The Council will need to maintain robust procedures to manage any impact these have on available resources and revenue spending to ensure it can maintain a balanced position.</p> <p data-bbox="476 913 1719 992">The Council continues work towards its 2020 Vision and has agreed a revised Council Plan 2018-20. The Council has also set four strategic objectives for its Vision 2030 document which it intends to publish in 2018. These objectives are:</p> <ul data-bbox="476 999 901 1106" style="list-style-type: none"> • Sustainable Health and Social Care • Growing the economy • Raising Aspiration and Ambition • Being Better Connected <p data-bbox="476 1113 1719 1220">The Council has continued to work towards the 'St Helens Cares' to address the forecast gap in this area of £101m by 2020. This is a local health and care system working towards the integration of services within the borough, including work with St Helens CCG to ensure robust governance arrangements and oversight of the £450m combined budget and establishing an integrated contract with a lead provider by October 2018.</p> <p data-bbox="476 1228 1719 1328">The Council continues to collaborate at a Liverpool City Region level with the Combined Authority. The Council has continued its work with the Economy Board to develop and implement a local Economic Growth Strategy. A key part of this is the strategy for the redevelopment of St Helens Town Centre following the Council's purchase of Church Square during 2017/18 and its joint venture with Langtree for the development of the former colliery site at Parkside.</p>	<p data-bbox="1740 307 1999 678">We are satisfied, on the basis of the areas reviewed, that the Council's arrangements for financial management, reporting and budget setting, and its work with partners towards its strategic objectives, are adequate. An unqualified VFM conclusion is proposed.</p>	

Independence and ethics

Independence and ethics

- We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements
- We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.
- Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2017 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix B.

Audit and Non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The following non-audit services were identified.

Service	£	Threats	Safeguards
Audit related			
Certification of Teachers Pensions Return	3,121	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence in comparison to the total fee for the audit of £105,107 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Non-audit related			
None	N/A	N/A	N.A

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. All services have been approved by the Chief Finance Officer. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

None of the services provided are subject to contingent fees.

Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management. We are pleased to confirm that we have not identified any issues that require audit adjustments to be made.

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure omission	Detail	Adjusted?
Note 20 Officers' Remuneration	A footnote is be added to the senior officers' table to explain that officers received no payments of bonuses, expense allowances or benefits in kind.	✓
Various notes	<p>2016/17 comparator amounts have been amended to correct errors in the amounts disclosed in the 2016/17 published accounts. "Restated" has been added to the relevant tables and a footnote added to the notes to explain this. The notes affected are:</p> <ul style="list-style-type: none"> • Note 19 Leasing: table for future minimum payments receivable • Note 35 Short and Long Term Borrowing: table (c) analysis of Long-Term Borrowing by Maturity Period. <p>A footnote has also been added to note 18 National Health Service Act 2006 Pooled Funds to explain that BCF expenditure for 2016-2017 has been reclassified in line with the revised prescribed categories issued by NHS England for this year.</p>	✓
Various notes	We have agreed a small number of minor amendments to the disclosures to improve the overall presentation of the financial statements.	✓

Fees

We confirm below our final fees charged for the audit and provision of non-audit services.

Audit Fees

	Proposed fee	Final fee
Council Audit	£105,107	£105,107
Grant Certification	£14,696	TBC*1
Total audit fees (excluding VAT)	£119,802	£TBC

The proposed fees for the year were in line with the scale fee set by Public Sector Audit Appointments Ltd (PSAA)

Our fees for grant certification cover only housing benefit subsidy certification, which falls under the remit of Public Sector Audit Appointments Limited. TBC*1 – The final fee for certification will be determined following completion of our work.

Fees in respect of other grant work, such as reasonable assurance reports, are shown under 'Fees for other services'.

Non Audit Fees

Fees for other services	Fees
Audit related services:	3,121
Teachers Pensions Return	
Non-audit services -None	Nil
	£3,121

Audit opinion

We anticipate we will provide the Council with an unmodified audit report

Independent auditor's report to the members of St Helens Council

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of St Helens Council (the 'Authority') for the year ended 31 March 2018 which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund Statement and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2018 and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Strategic Director of Corporate Services use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Strategic Director of Corporate Services has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Strategic Director of Corporate Services is responsible for the other information. The other information comprises the information included in the Statement of Accounts set out in the Narrative Report and the Annual Governance Statement other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge of the Authority obtained in the course of our work including that gained through work in relation to the Authority's arrangements for securing value for money through economy, efficiency and effectiveness in the use of its resources or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the 'Delivering Good Governance in Local Government: Framework (2016)' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts, the Narrative Report, the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice we are required to report to you if: we have reported a matter in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or we have made a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or we have exercised any other special powers of the auditor under the Local Audit and Accountability Act 2014.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority, the Strategic Director of Corporate Services and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities set out on page 45, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Strategic Director of Corporate Services. The Strategic Director of Corporate Services is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18, which give a true and fair view, and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Strategic Director of Corporate Services is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority lacks funding for its continued existence or when policy decisions have been made that affect the services provided by the Authority.

The Audit and Governance Committee is Those Charged with Governance.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to

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influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements - Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, we are satisfied that *the Authority* put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether in all significant respects the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements - Certificate

We certify that we have completed the audit of the financial statements of the Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

[Signature]

Robin Baker
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

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[Date]



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